

Summary

Effects of amended rules for the part-time unemployed (RiR 2014:5)



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Effects of amended rules for the part-time unemployed

The National Audit Office has examined whether the objectives with regard to the amendment to the unemployment insurance conditions for part-time unemployment have been met. The changes were introduced on 7 April 2008. Using mainly quantitative but also qualitative methods, the National Audit Office has evaluated whether the Government's objectives with the amendment have been achieved in terms of the effects on employment and the announced expenditure reductions. The assessment has been performed against the background of the Government's decision and the applicable laws and regulations.

Assessment background

Motive: In 2012, according to the LFSs (Labour Force Surveys), just over 1 million people in the labour force worked part-time. This includes both individuals who are satisfied with their working hours and the part-time unemployed who wish to increase their level of employment. In April 2008, the conditions of the unemployment insurance were changed for the part-time unemployed. The amendment means that a part-time unemployed person can subsequently only claim compensation for part of a week until the number of days taken reaches a maximum of 75. Previously the number of days was 300. The reform was intended to increase the incentives for the part-time unemployed to move to full-time employment, but also to reduce the possibility of over-exploitation of unemployment insurance, and to thereby achieve a financial saving. The change also aimed to increase incentives for employers so that they would offer full-time work to a greater extent to part-time workers. In the 2008 budget, the reform was estimated to constitute a reduction in expenditure on unemployment insurance of just over SEK 8 billion during the period 2008–2010.

The reform has not been evaluated. The Ministry of Employment monitors part-time unemployment trends in conjunction with the budget work, and the Ministry of Finance has conducted a limited follow-up of part-time unemployed after the amendment but not of its economic results. Knowledge on what the reform has meant for part-time unemployed individuals is therefore limited, and it is unclear whether the reform has had the impact expected by the Riksdag and Government, such as an increase in the transition to full-time work.



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Purpose: The purpose of the National Audit Office's assessment has been to examine whether the objectives of the reform have been met. That is, primarily whether the amendment has meant that part-time unemployed individuals increasingly transition to full-time work, and whether the expected expenditure reductions have been achieved. The National Audit Office has also examined how the Government has steered and followed up the reform.

Method: The assessment has mainly been conducted using quantitative methods, which include various statistical workups and analyses. The quantitative analysis, as with assessments of the Government's initiatives, have been preceded by interviews with officials at the Government Offices and representatives of importance for employers, unions and the public employment agency, as well as interviews with employment agencies at the local level. We have also conducted document studies.

Assessment results

Room for improvement

The National Audit Office's assessment shows that the intentions with the amendment of unemployment insurance conditions for the part-time unemployed have been partially met. The assessment shows that the transition for the group of part-time unemployed individuals to full-time employment has increased following the reform, and that the reform has resulted in expenditure reductions in unemployment insurance. At the same time, the assessment shows that the transition to full-time unemployment has also increased within the group of part-time unemployed individuals, and that the estimated expenditure reduction has not been fully realised. The National Audit Office therefore finds there is room for improvement.

Part-time unemployed individuals with short part-time hours have been negatively affected

The group part-time unemployed is heterogeneous and the assessment shows that the amendment affects those within the group differently. The amendment has had negative consequences for the part-time unemployed who work less than 2.5 days a week (short part-time hours). On the one hand, the change-over time for the group became shorter; when they reach the 75 days they can receive compensation for part-time unemployment significantly faster than those, for example, working four days a week. The assessment shows that the part-time unemployed with short part-time hours are more likely to remain with the public employment agency compared with those working long part-time hours. It indicates that the individuals in this group have particular difficulties in increasing their working hours compared to those who work long part-time hours.



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The public employment agency should be instructed to adapt initiatives for the part-time unemployed, particularly for those with short part-time hours

Part-time unemployed individuals with short part-time hours are to some extent employed in the labour market. But due to supply reasons, they risk the transition to long-term unemployment if they are not offered initiatives that facilitate transition to full-time hours. Previous investments in the part-time unemployed show that it can be a question of introducing relatively small initiatives to strengthen the part-timers' human capital and skills aimed at enhancing competitiveness in the labour market.

The Government can improve the reporting of the reform's results

Although the reform has been in force for almost six years, no evaluation has been made of the reform's effects. Furthermore, the calculations performed by the National Audit Office reveal that the outcome of the expenditure reduction is significantly less compared to the Government's estimates prior to the reform. This discrepancy, which amounts to about 25 per cent and corresponds to SEK 2 billion, should have been reported to the Parliament on an on-going basis, especially since the data on which the estimates prior to the amendment were based was uncertain, according to interviews at the Government Offices.

It is only after an announcement by the Parliament in June 2011 that the Government has taken measures to ensure a review of the part-time amendment that was implemented in April 2008. The review is scheduled for completion in January 2015, that is to say, nearly seven years after the introduction of the amendment. The National Audit Office finds this handling time to be too long, especially given that the effects prior to the reform were deemed to be uncertain.

Recommendations

The National Audit Office recommends that the Government:

- Evaluate the effects of adopted labour market reforms, both in terms of the effects on employment and expenditure reductions, especially when the supporting data on which estimates are based is deemed to be uncertain
- Inform the Parliament on an on-going basis about deviations from previous calculations in the state budget
- Commission the public employment agency to focus initiatives on the part-time unemployed, especially for job seekers with short part-time hours.

